COASTAL CONSERVANCY

Staff Recommendation December 6, 2018

TERMINAL FOUR WHARF REMOVAL PROJECT

Project No.14-025-01

and

SAN FRANCISCO BAY CREOSOTE REMOVAL AND PACIFIC HERRING RESTORATION PROJECT

Project No.13-028-01

Project Manager: Marilyn Latta

RECOMMENDED ACTION: Consideration and possible Conservancy authorization to disburse Pacific Gas & Electric Company and PG&E Corporation funds of up to (1) \$100,000 for planning and environmental review activities for wharf and piling removal for the Terminal Four Wharf Removal Project, and (2) \$300,000 for subtidal habitat restoration and monitoring for the San Francisco Bay Creosote Removal and Pacific Herring Restoration Project, each near Point San Pablo, Contra Costa County.

LOCATION: Point San Pablo, Richmond (Contra Costa County)

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

Exhibit 1: Regional Map

Exhibit 2: Map of the Project Area

Exhibit 3: 4/27/17 Staff Recommendation for the Terminal Four Wharf

Removal Project

Exhibit 4: 3/24/16 Staff Recommendation for the SF Bay Creosote

Removal and Pacific Herring Restoration Project

Exhibit 5: Photographs of the Terminal Four Wharf, site of former Red

Rocks Warehouse

Exhibit 6: SFHA and PG&E Consent Decree

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

"The State Coastal Conservancy hereby authorizes the disbursement of up to \$400,000 (four hundred thousand dollars) from Pacific Gas and Electric Company and PG&E Corporation for planning activities for wharf and piling removal for the Terminal Four Wharf Removal Project, and subtidal habitat restoration and monitoring for the San Francisco Bay Creosote Removal and Pacific Herring Restoration Project, each near Point San Pablo, Contra Costa County, as follows:

- 1. Up to \$100,000 (one hundred thousand dollars) for planning, permitting and environmental review activities for the removal of derelict wharf structures and pilings at Terminal Four for the Terminal Four Wharf Removal Project.
- 2. Up to \$300,000 (three hundred thousand dollars) for reparation and installation of plantings and habitat monitoring at Red Rocks for the San Francisco Bay Creosote Removal and Pacific Herring Restoration Project.

These funds shall be used for the following purposes: for the Terminal Four Wharf Removal Project, to augment existing professional services contracts needed for the project activities; for the San Francisco Bay Creosote Removal and Pacific Herring Restoration Project, to enter into or augment existing grants with the Ducks Unlimited ("DU" or "grantee") _ to implement or monitor the project. Disbursement of the funds shall be subject to the following conditions:

- 1. Prior to initiating any project work and prior to disbursement of any funds, DU shall submit for review and approval of the Executive Officer:
 - a. A plan detailing the proposed project work, including a work program, schedule and budget.
 - b. The names and qualifications of all contractors the grantee intends to retain for the project.
 - c. Documentation that all permits and approvals needed for the project work have been obtained.
 - d. Any agreements required to enable DU to implement, maintain and monitor the applicable project and to protect the public interest in the installed habitat restoration elements.
- 2. In carrying out any work on an applicable project, the grantee shall comply with:
 - a. Evidence that all necessary permits and approvals for the applicable project have been obtained.
 - b. In carrying out any restoration plantings and enhancements and subsequent monitoring for the San Francisco Bay Creosote Removal and Pacific Herring Habitat Restoration Project, the grantee shall comply with all applicable mitigation and monitoring measures that are identified by any applicable permit and identified in the Mitigated Negative

Declaration for the San Francisco Bay Creosote Removal and Pacific Herring Habitat Restoration Project and its accompanying Mitigation Monitoring and Reporting Program (MND), adopted by the Conservancy on March 24, 2016.

c. To the extent that the work is funded by PG&E funds, all requirements of that funding."

Staff further recommends that the Conservancy adopt the following findings:

"Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

- 1. The proposed projects remain consistent with Chapter 4.5 of Division 21 of the Public Resources Code, regarding the resource goals of the San Francisco Bay Area Conservancy Program.
- 2. The proposed projects remain consistent with the Project Selection Criteria and Guidelines adopted on October 2, 2014.
- 3. DU is a nonprofit organization recognized under Section 501(c)(3) of the United States Internal Revenue Code whose purposes are consistent with Division 21 of the California Public Resources Code.

PROJECT SUMMARY

Staff recommends that the Conservancy authorize disbursement of up to \$400,000 from Pacific Gas and Electric Company and PG&E Corporation (collectively PG&E) for two projects: (1) planning for wharf and piling removal for the Terminal Four Wharf Removal Project (Terminal Four Project), and (2) subtidal habitat restoration and monitoring for the San Francisco Bay Creosote Removal and Pacific Herring Restoration Project (Restoration Project), each near Point San Pablo, Contra Costa County (together, the Projects). The Terminal Four Project will include planning activities for the potential removal of derelict creosote wharf structures at Terminal Four in San Francisco Bay. The Restoration Project will include habitat enhancement of eelgrass beds and other shoreline habitats that benefit Pacific herring in the immediate surrounding area of the Red Rocks site. The purposes of both Projects is to remove sources of contamination and marine debris from San Francisco Bay and to enhance subtidal and intertidal habitat for the benefit of spawning herring and other wildlife.

The Terminal Four Project will include planning for removal of abandoned pilings and wharfs at Terminal Four and nearby areas near Point San Pablo in Contra Costa County to achieve these goals:

 Reduce pollution in San Francisco Bay - the removal of creosote-treated pilings will reduce pollution in the Bay; polycyclic aromatic hydrocarbons (PAHs) and other chemicals that leach out of creosote adversely affect wildlife species in the bay, including Pacific herring spawning success and egg development.

- 2. Enhance eelgrass habitat the abandoned pilings and wharfs create shade that impedes eelgrass growth.
- 3. Improve navigation and reduce marine debris derelict wharf structures and pilings pose navigational hazards and release marine debris into the Bay.
- 4. Share lessons learned to further inform future planning, management, restoration design practices, and permit procedures for creosote-treated pile removal and subtidal habitat restoration projects bay-wide.

The prior authorization for the Terminal Four Project supported funding for planning, design and initial environmental review, including the completion of 60% designs. The requested funding authorization for the Terminal Four Project would support the next stage of planning for the Terminal Four wharf demolition, which specifically includes the preparation of environmental documentation under the California Quality Act (CEQA), the permit consultation process, and furthering the designs in compliance with CEQA.

For the Restoration Project, the former Red Rocks warehouse structure has been removed, and the project has entered the phase of creating or expanding eelgrass beds, which will provide substrate for Pacific herring and other organisms to attach their eggs to as well as enhance food resources for species such as herring and salmon. Eelgrass beds and other subtidal habitats provide functions that can help move the estuary toward a more natural, less uniform condition with local heterogeneity that benefits native species and biodiversity.

The requested funding authorization for the Restoration Project will augment the prior funding authorization to support implementation of habitat enhancements and restoration and habitat monitoring at Red Rocks.

Consistent with the recommendations of the San Francisco Bay Subtidal Goals Report, both Projects together implement creosote-treated pile removal and native herring habitat restoration in the San Francisco Bay. These Projects have the support of multiple key partners in the San Francisco Bay (See Support of the Public, below).

The owner of the project sites, the City of Richmond, has been planning for the removal of the creosote-treated piles and deteriorated decking at Terminal Four and Red Rocks for a number of years. A Letter of Concurrence for Terminal Four was received from National Oceanic and Atmospheric Administration (NOAA) Fisheries in 2010 for the Terminal Four Project, which includes permit conditions for protecting individuals and habitats of aquatic species of concern and under the jurisdiction of NOAA Fisheries. The City of Richmond is directly engaged in the planning for both Projects, and fully provides ongoing support to the Conservancy with coordination, access permission, and site planning. The City of Richmond does not have the resources to manage or fund the Projects itself, and greatly appreciates the Conservancy's work to raise funds and develop these Projects to remove marine debris and restore healthier habitat at the sites. The City of Richmond is a committed partner, and the Conservancy works with City of Richmond staff, the City Manager and the City Council on project documentation and approvals.

See "Project Financing" section for additional information.

Site Description:

The Project sites are at Point San Pablo and extend along a rubble armored shoreline to the north and south of the Terminal Four pier, which includes the immediately adjacent subtidal areas at

Point San Pablo. Based on a review of historic bay charts, Terminal Four and additional creosote pilings structures were built sometime between 1850 and 1915 and were initially used for handling and processing fish. Commercial use of the wharf and warehouse building ceased around 2000, and the structures are deteriorating.

Both the Terminal Four and Red Rocks sites were used primarily over the years for storage, distribution and processing of vegetable and animal oils, petroleum fuels and additives, and other chemicals. Storage tanks on the shore were used to supply ships docked at the wharfs. Two companies, Vopak and United Molasses, each leased portions of the property from the City. Photos from 1938 (Exhibit 5) show ships secured to the south end of the Terminal Four wharf and show the Red Rocks warehouse on the north side of Point San Pablo.

Exhibits 1-5 show the key site features of the Terminal Four Wharf Removal site which include:

- Regional Project area map Point San Pablo, City of Richmond
- Terminal Four Wharf Structure- historic aerial imagery and current photos
- Former Red Rocks Warehouse Structure- historic aerial imagery and photos of demolition in Fall 2016, native oyster reef construction phase completed in September 2018

The Terminal Four and Red Rocks sites are owned by the City of Richmond. The sites are located on the western shore of Richmond, California, about 2.5 miles northwest of the eastern end of the Richmond-San Rafael Bridge, and just north and south of the tip of Point San Pablo. Conservancy staff are working closely with the City of Richmond on both Projects.

Project History: The proposed Projects are the result of numerous planning efforts in the Bay over the last two decades to address the growing recognition that creosote, a by-product of the coal and coke industry used to protect marine structures from decay, is toxic to fish and other marine organisms. Resource managers have been particularly concerned about the potential to the herring fishery in the Bay since herring lay eggs on pilings and creosote can cause impacts such as mutations in developing herring eggs.

Specific to the Terminal Four Project, in July 2014, under the Executive Officer's delegated authority to expend funds to develop projects, the Conservancy retained a professional services consulting firm to develop conceptual designs and plans for a creosote removal project at Terminal Four. In April 2017, the Conservancy Board approved funding provided by the SF Bay Conservation and Development Commission and the Pacific States Marine Fisheries Commission (PSMFC) for the next phase of work, which will further the planning and design work and will involve preparation of associated permit applications and environmental documentation for the Project. Subject to environmental review under CEQA, Conservancy staff expect to submit permit applications in Spring 2019, with implementation to occur in Fall 2020 or later.

Specific to the Restoration Project, in October 2013 the Conservancy approved funding provided by the National Fish and Wildlife Foundation for the initial planning, design, and preparation of environmental documentation and permit applications. In March 2016, the Conservancy approved the environmental documentation and the majority of the funds needed for implementation. Demolition and removal of the Red Rocks Warehouse was completed in December 2016 and included removal of more than 455 tons of concrete and debris, including more than 440 creosote pilings. In September 2018, construction of 200 oyster reef elements

occurred at the site, and funds requested in this authorization would support eelgrass plantings in Spring 2019 and habitat monitoring at the site.

Please see Exhibits 3 and 4 for more information on the history of each Project.

PROJECT FINANCING

Terminal Four Project

Project Total	\$600,000
Conservancy (PG&E)	\$100,000
Conservancy (BCDC)	\$224,000
Conservancy (PSMFC)	\$276,000

Restoration Project

Project Total	\$2,300,000
Conservancy (PG&E)	\$300,000
Conservancy (NFWF)	\$2,000,000

The project total listed above for the Terminal Four Project is the total cost for the planning phase of the project. The total cost of implementation of the project is estimated to be approximately \$4 million, but may be revised in the course of furthering the planning phase. The project total listed above for the Restoration Project includes both the planning and implementation of the project. The source of Conservancy funds for the two proposed Projects is a consent decree between the San Francisco Herring Association (SFHA) and PG&E, attached as Exhibit 6. PG&E formerly owned and operated three manufactured gas plants (MGP's) in the present-day Marina and Fisherman's Wharf neighborhoods of San Francisco, which manufactured gas used for lighting, heating, and cooking purposes in the late 19th century and early 20th century. SFHA sued PG&E in April 2014 under the federal Clean Water Act and Resource Conservation and Recovery Act, alleging that the MPGs caused massive contamination of the San Francisco Bay, and that toxic MGP waste deposits were continuing to contaminate the San Francisco Bay's groundwater. A final consent decree was approved in September 2018. As part of the consent decree, PG&E is required to provide funds towards a number of projects whose purposes are to restore and enhance the quality of the waters and subtidal ecosystem in San Francisco Bay, and to enhance the San Francisco Bay herring fishery. As part of this consent decree, the Conservancy will receive funds totaling \$1.2 million from PG&E, which the Conservancy may use for wharf and piling removal, post-demolition subtidal habitat restoration, and post-restoration monitoring activities in the vicinity of Point San Pablo.

Under the terms of the consent decree, the Conservancy may use up to 10% of the PG&E funding to reimburse the Conservancy for its staff time in coordinating the wharf and piling removal, post-demolition subtidal habitat restoration, and post-restoration monitoring activities.

These Projects will further the objectives of or achieve consistency with the purposes specified in the consent decree.

Prior funding to the Restoration Project includes a \$2,000,000 grant from National Fish and Wildlife Foundation (see Exhibit 4). Prior funding to the Terminal Four Project includes mitigation funds provided by the San Francisco Bay Conservation and Development Commission and the Pacific States Marine Fisheries Commission (see Exhibit 3). The Conservancy continues to raise funds for both projects.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed Projects are consistent with the requirements to Chapter 4.5, Sections 31160-31165, of Division 21 of the Public Resources Code regarding resource goals in the San Francisco Bay Area.

Under Section 31162(b), the Conservancy may undertake projects and award grants in the nine-county San Francisco Bay Area to achieve the goal of protecting, restoring and enhancing natural habitats of regional importance. Consistent with this section, the Terminal Four Project consists of work that will result in the plans and environmental analysis necessary to implement a project that will protect, restore and enhance subtidal habitats in an estuary of regional importance within the Bay Area. Consistent with this section, the Restoration Project restores and enhances subtidal habitats through eelgrass plantings and other direct enhancements to the natural habitat of the San Francisco Bay.

Under Section 31163(a), the Conservancy is required to cooperate with the Bay Conservation and Development Commission (BCDC), other regional government bodies, and other interested parties in identifying and adopting long-term resource goals for San Francisco Bay area. Both Projects are part of a program of activities that came about from the collaborative planning of four primary agencies that developed the San Francisco Bay Subtidal Habitat Goals: the Conservancy, BCDC, NOAA, and SFEP.

The proposed Projects are appropriate for prioritization under the selection criteria set forth in Section 31163(c) in that: (1) they are consistent with the San Francisco Bay Plan ("Bay Plan"), as described below; (2) they involve the coordination of environmental solutions across several different agencies and many different jurisdictions within the San Francisco Bay Area; (3) they will be implemented in a timely manner; (4) the availability of PG&E funds to restore subtidal habitat provides an opportunity for restoration activities that could be lost if the Projects are not quickly implemented; and (5) they include significant matching of (non-Conservancy) funds.

In addition, under Section 31165, the Conservancy may undertake projects and award grants for activities that are compatible with the preservation, restoration, or enhancement of ocean, coastal and bay resources. Undertaking the Projects is consistent with and helps to achieve these goals by providing design, planning, and restoration project implementation for habitat protection, restoration and enhancement projects involving subtidal habitats in the Bay.

CONSISTENCY WITH CONSERVANCY'S 2018 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 8, Objective B**, the Terminal Four Project will plan and design an adaptation project to increase resilience to sea level rise and other climate change impacts using nature-based solutions.

Consistent with **Goal 8, Objective C**, the Restoration Project will implement actions to increase resilience to sea level rise or other climate change impacts using nature-based solutions.

Consistent with **Goal 12, Objective D,** the Projects will enhance subtidal habitat. Consistent with a major regional priority for San Francisco Bay area, the Projects will enhance tidal and subtidal habitat.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The Projects are consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, in the following respects:

Required Criteria

- 1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
- 2. Consistency with purposes of the funding source: See the "Project Financing" section above.
- 3. **Promotion and implementation of state plans and policies:** The Projects will promote and implement the following state plans and policies:
 - **a.** San Francisco Bay Subtidal Habitat Goals Report (2010, jointly authored by the State Coastal Conservancy, California Ocean Protection Council, NOAA NMFS and Restoration Center, San Francisco Bay Conservation and Development Commission, and San Francisco Estuary Partnership), which is a 50-year Conservation Plan for submerged habitats in San Francisco Bay and which recommends the removal of derelict piling structures in San Francisco Bay.
- 4. **Support of the public:** The Projects are supported by NOAA, BCDC, NFWF, PSFMC, and the City of Richmond. The Projects also have broad public support from non-governmental organizations including Baykeeper, Point Molate Advisory Committee, and the San Francisco Bay Joint Venture.
- **5. Location:** The Projects are located in Richmond, Contra Costa County within the San Francisco Bay Area, and will be carried out within known creosote hotspot locations and within Pacific herring spawning areas within the central portion of the Bay, consistent with Section 31162 of the Public Resources Code.
- **6. Need:** The proposed project would not occur without Conservancy participation and PG&E funding.
- **7. Greater-than-local interest:** In creating the San Francisco Bay Area Conservancy Program, the legislature identified San Francisco Bay as the central feature in an interconnected open-

space system of watersheds, natural habitats, scenic areas, agricultural lands and regional trails of statewide importance. The Projects will help develop new approaches to removing creosote pilings from the Bay system and new techniques for restoration of subtidal habitats in San Francisco Bay. The techniques and designs resulting from the Project may have applicability at other sites in San Francisco Bay and in other estuarine systems on the Pacific Coast.

8. Sea level rise vulnerability: The Projects help to improve resiliency of natural habitats, which is one of the overarching recommendations in climate change adaptation planning. The Project itself involves the removal of vulnerable structures and will not result in increased vulnerability to sea level rise.

Additional Criteria

- **9. Urgency:** The wharf structure at Terminal Four is falling into the bay, causing a marine debris and navigational hazard. It's urgently needed to remove this safety and environmental hazard. The eelgrass plantings at the Restoration Project are planned to occur in 2019, and multiple regional documents recommend that adaptation efforts occur now or as timely as possible, in order to have time to mature by 2030 when sea level rise estimates accelerate.
- **10. Resolution of more than one issue:** The Projects will remove toxic pollutants from the Bay ecosystem, remove navigational hazards, implement subtidal habitat restoration designs, and will result in lessons learned that can be applied to additional sites.
- **11. Leverage:** A portion of the PG&E funds will cover Conservancy staff time, maximizing leverage of staff resources with minimal Conservancy fiscal outlay. Furthermore, no Conservancy funds are proposed in this authorization, which leverages funds provided by the Conservancy for earlier planning stages.
- **13. Innovation:** The Projects will implement recommendations in the San Francisco Bay Subtidal Habitat Goals Report and continue to build on new, innovative techniques used on earlier creosote piling removal and subtidal habitat restoration projects within San Francisco Bay.
- **14. Readiness:** The proposed Projects are ready to commence upon approval of disbursement of funding by the Conservancy.
- 15. Realization of prior Conservancy goals: See "Project History" section above.
- **16. Cooperation:** The Projects are a collaborative project involving many agencies. The Conservancy is the lead agency, and supporting partners include PSFMC, NOAA, City of Richmond, Department of Fish and Wildlife, BCDC, San Francisco BayKeeper, and many others.
- 17. Minimization of Greenhouse Gas Emissions: The proposed Projects will consider measures during the planning process and in the environmental analysis to minimize emissions throughout implementation of the Projects. These measures will be considered and applied as possible: a) work to be undertaken by local staff, contractors and grantees; b) use of recommended regional construction best management practices; and c) use of materials and equipment for the Projects that are purchased from local vendors, where feasible.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The Bay Plan was completed and adopted by BCDC in 1968 pursuant to the McAteer-Petris Act of 1965 and last amended in October 2011. The Bay Plan guides BCDC's management and permitting decisions in the Bay. The Projects are consistent with the following policies articulated in Part III, Findings and Policy Section of the Bay Plan:

Subtidal Areas Policy 5 (adopted April 2002): "The [BCDC] should continue to support and encourage expansion of scientific information on the Bay's subtidal areas, including: (a) inventory and description of the Bay's subtidal areas; (b) the relationship between the Bay's physical regime and biological populations; ...(e) where and how restoration should occur."

The proposed Projects will assist in implementation of this policy by providing additional data on best techniques for restoration at a specific site, describe the densities, locations, and species associated with subtidal habitats at that site, and conduct five years of monitoring on herring presence before and after construction.

Fish, Other Aquatic Organisms and Wildlife Policy 1 (amended April 2002): "To assure the benefits of fish, other aquatic organisms and wildlife for future generations, to the greatest extent feasible, the Bay's tidal marshes, tidal flats, and subtidal habitat should be conserved, restored and increased."

The Projects are consistent with this policy because they will restore and increase subtidal habitat in San Francisco Bay.

COMPLIANCE WITH CEQA:

Terminal Four Wharf Creosote Removal Project: Prior authorization on April 27, 2017 and this authorization involve only data collection, research, and resource evaluation activities and planning, design, and environmental compliance documentation. Under Section 15262 of the California Environmental Quality Act (CEQA) Guidelines (Cal. Code Regs, Title 14, Sections 15000 et seq.), a project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted, or funded is statutorily exempt from review under CEQA, provided that, as here, it includes consideration of environmental factors.

Likewise, under CEQA Guidelines Section 15306, the proposed authorization, like the prior authorization on April 27, 2017, is categorically exempt from CEQA review, since it consists of basic data collection, research and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.

The Conservancy, as the lead agency on this project, and the Conservancy's contractors are currently conducting additional site research, planning, and environmental assessment for the Project, and are preparing for review and documentation under CEQA for the potential implementation of the wharf demolition and removal of Terminal Four. Prior to any approval of or commitment to fund or undertake the implementation phase of the Project, Conservancy staff will incorporate environmental review and subsequent findings into the project in compliance with CEQA.

Conservancy staff filed a Notice of Exemption for the project.

San Francisco Bay Creosote Removal and Pacific Herring Restoration Project- Red Rocks Warehouse site: As detailed in the March 24, 2016 Conservancy staff recommendation (Exhibit 4), the Conservancy, as lead agency under CEQA for this project, adopted the Mitigated Negative Declaration for the San Francisco Bay Creosote Removal and Pacific Herring Habitat Restoration Project and its accompanying Mitigation Monitoring and Reporting Program (MND) pursuant to CEQA Guidelines Section 15074.

The MND describes the proposed project activities at Red Rocks and provides an assessment of the project's potential significant adverse impacts on the environment. The Conservancy had previously concluded that the proposed activities will not have any significant effects on the environment after implementation of project design features, conservation measures, avoidance and minimization and mitigation measures, and best management practices.

The proposed eelgrass plantings and monitoring activities at Red Rocks are included within the approved MND for the Restoration Project. Since the project activities proposed for funding under this authorization remain unchanged, the proposed authorization remains consistent with the CEQA findings adopted by the Conservancy in connection with the March 24, 2016 authorization. No further environmental documentation for these project activities is required under CEQA.

In implementing the proposed project, the Conservancy shall ensure compliance with all applicable mitigation measures and monitoring and reporting requirements for the project that are identified in the MND, or in any permits, approvals or additional environmental documentation required for the project.

Conservancy staff filed a Notice of Determination for the project.